



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Cadence Financial Corporation

Person to be contacted regarding this report:	Richard Haston
CPP Funds Received:	\$44,000,000
CPP Funds Repaid to Date:	\$0
Date Funded (first funding):	1/9/2009
Date Repaid ¹ :	

RSSD: (For Bank Holding Companies)	1100037
Holding Company Docket Number: (For Thrift Holding Companies)	N/A
FDIC Certificate Number: (For Depository Institutions)	N/A
City:	Starkville
State:	Mississippi

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input type="checkbox"/> Increase lending or reduce lending less than otherwise would have occurred.	
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<input type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	
<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	We increased our reserves during 2009 to the extent necessary, and the capital allowed us to maintain capital ratios for the bank during 2009 which would in ordinary circumstances be viewed as well capitalized.

<input type="checkbox"/>	Reduce borrowings	
<input checked="" type="checkbox"/>	Increase charge-offs	We increased our charge-offs during 2009 to the extent necessary, and the capital allowed us to maintain capital ratios for the bank during 2009 which would in ordinary circumstances be viewed as well capitalized.
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	The additional capital allowed us to stay above the well capitalized ratios and make progress toward achieving higher capital ratios mandated by regulators based on market conditions.

What actions were you able to avoid because of the capital infusion of CPP funds?

The additional capital allowed us to avoid having our regulatory capital ratios drop below the statutory levels for a bank to be considered well-capitalized, as we worked through our problem loan issues. It also allowed us to avoid decreasing our level of service to our deposit customer base and to be able to renew certain loans to our existing performing loan customers with significant relationships with the bank, although as a result of the mandated higher capital ratio by regulators, we were required to shrink our balance sheet and reduce the aggregate amount of loans outstanding during 2009.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

We were able to address problem loan issues in our portfolio, increase our allowance for loan losses to an appropriate level commensurate with the risk level in our portfolio and to maintain our capital levels above statutory well-capitalized levels.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

N/A